

DISTRIBUTION MARKETS AND SYSTEM OPERATIONS – DEMAND FLEXIBILITY PRODUCT

18TH NOVEMBER 2025

Proposed Demand Flexibility Product Connection Process

Executive Summary

The demand flexibility product has been developed by ESB Networks to alleviate network congestion at specific locations on the distribution network. ESB Networks has published an Invitation to Tender (ITT) inviting tenders for the provision of flexibility services simultaneously with this document.

The purpose of this document is to provide an overview of the proposed connection process/arrangements for applicants that secure a contract to provide flexibility services to ESB Networks in its capacity as Distribution System Operator (DSO).

In this document:

Connection Agreement means an agreement for connection to the distribution system;

DFP Connection Agreement means a non-firm Connection Agreement with specific conditions applicable to the DFP Service Provider;

DFP Connection Process means the connection process which will apply for Demand Flexibility Service Providers as outlined out in draft, proposal form in this document;

Flexible Service Asset(s) or FSA(s) means the asset or assets to be used by a Flexible Service Provider to deliver the flexibility services under a Demand Flexibility Service Provider Agreement

Demand Flexibility Product Services or DFP Services mean the demand flexibility services set out in the DFP Services Agreement;

Demand Flexibility Service Provider or DFSP means a successful applicant in the tender process for the procurement of flexibility services published with this draft process document which enters into a Demand Flexibility Service Provider Agreement with ESB Networks;

Demand Flexibility Product Services Agreement or DFP Services Agreement means an agreement entered into between ESB Networks and a Demand Flexibility Service Provider which shall be substantially in the form published with the Call for Tenders;

In summary:

- Where a DFSP requires a new connection or an increase in Maximum Export Capacity (MEC) for the FSA(s) in order to provide services under the DFP Services Agreement, they will be required to follow the application process under CRU Decision Paper: Electricity Connection Policy – Generation and System Services (CRU/2024101) or any amendment or replacement of that decision as applicable at the relevant time (“**CRU ECP-GSS**”);
- It is proposed, subject to further engagement with CRU, that the Connection Agreement awarded to a DFPS in respect of the FSA(s) will be a DFP Connection Agreement which will be specifically linked to the DFP Services Agreement;
- If the customer has an existing Connection Agreement in respect of the relevant site/FSA(s), then in order to provide the service, they will be required to modify their existing Connection Agreement to a DFP Connection Agreement for the term of the DFP Services Agreement;

- It is a matter for the Customer to ensure that they meet the requirement to have a DFP Connection Agreement in place in respect of the FSA(s) by the Target Service Delivery Date as set out in the DFP Services Agreement.
- **A Customer with a DFP Services Agreement can apply for this Connection Agreement if they have submitted a planning application. Full planning permission is not a requirement for application to the Connection Agreement.**
- If there is a delay in issuing the connection offer (due to the delay of ESB Networks) beyond 12 months of the relevant dates (outlined below) which, in turn, causes a delay for the Customer in meeting the Target Service Delivery Date, there is provision in the DFP Services Agreement for extension of the Target Service Delivery Date; and
- This document should be read in conjunction with the DFP Services Agreement.

1. Connection Process for new connections or MEC increase

This Section 1 applies to DFSPs that either require a new connection for the FSA(s), or require an increase in Maximum Export Capacity (MEC) under an existing Connection Agreement or the connection process for the FSA is otherwise subject to the ECP-GSS process under the terms of the ECP-GSS decision.

Pre-engagement process

In accordance with the CRU decision paper: Electricity Connection Policy – Generation and System Service: Pre-engagement and High-Level Technical Assessment, it is proposed that (like other applicants) DFSPs will be required to submit a pre-application notification and participate in the pre-engagement process applicable at the relevant time. This is to be defined by CRU and will likely be in either the form of a pre-application notification or a high-level technical assessment. If it is determined that high-level technical assessment is required, the pre-engagement process will result in a non-binding “High-Level Technical Assessment (HLTA)” which shall be included with the FSP Connection Agreement application.

The proposed approach to application fees will be in line with the applicable CRU decision relating to pre-engagement and the high-level technical assessment.

Connection application and process

DFSPs, like other applicants, shall follow the application process and rules set out in the ECP-GSS. For the avoidance of doubt, this means that applications must be submitted by the “batch closing deadline” as provided for under the ECP-GSS. Therefore, subject to any modification by CRU, the batch closing deadlines will be on 31 March and 30 September each year.

ESB Networks shall process applications in accordance with the ECP-GSS. ESB Networks is engaging further with CRU to consider whether there may be additional specifications, such as specific target timeframes for consideration of applications in respect of FSAs.

Co-located battery sites will have an assessment timeline of 9 months, in line with ECP-GSS.

Target Service Delivery Date

The DFSP is responsible for having a DFP Connection Agreement in respect of the FSAs in place by the Target Service Delivery Date under the terms of the DFP Services Agreement. The DFP Services Agreement provides for extension of the Target Service Delivery Date where a delay in reaching the Target Service Delivery Date arises solely as a result of ESB

Networks not issuing a connection offer in respect of new or additional capacity within 12 months of the relevant Batch Closing Date, other than as a result of the delay of the DFSP or circumstances beyond the reasonable control of ESB Networks.

For the avoidance of doubt, ESB Networks shall not have any liability to DFSPs for any failure to meet any connection timelines.

2. Other DFSPs not subject to the ECP-GSS process

Where a DFSP has an existing connection agreement, any modifications to a DFSP's connection agreement which fall outside of the ECP-GSS process (such as an MIC increase), must be requested, processed and reflected in the DFP Connection Agreement prior to the Target Service Delivery Date.

Where a DFSP has an existing Connection Agreement which does not otherwise require modification, it is proposed that the DFSP will nonetheless be required to apply to modify its Connection Agreement to a DFP Connection Agreement for the term of the DFP Services Agreement. This modification should be completed prior to the Target Service Delivery Date under the DFP Services Agreement.

Target Service Delivery Date

The DFSP is responsible for having a DFP Connection Agreement in respect of the FSAs in place by the Target Service Delivery Date under the terms of the DFP Services Agreement. The DFP Services Agreement provides for extension of the Target Service Delivery Date where a delay in reaching the Target Service Delivery Date arises solely as a result of ESB Networks not issuing a connection offer within 12 months of the date of the application, other than as a result of the delay of the DFSP or circumstances beyond the reasonable control of ESB Networks.

For the avoidance of doubt, ESB Networks shall not have any liability to DFSPs for any failure to meet any connection timelines.

3. Form of Connection Agreement

It is proposed that all DFSPs participating in the Demand Flexibility Product will require a DFP Connection Agreement.

Under the terms of the DFP Services Agreement, site operation will be managed through the use of operating envelopes issued by ESB Networks on a day-minus-two basis. Given that the DFP Connection Agreement is being offered in the specific context of the DFP Services Agreement, it is proposed (subject to further engagement with CRU) that there will be clear linkage between the DFP Services Contract and the DFP Connection Agreement.

For example, it is proposed that:

- The DFP Connection Agreement will be coterminous with the DFP Services Agreement;
- The DFP Connection Agreement will be non-firm in nature. The permitted import/export capacity under the DFP Connection Agreement at any time will track the Operating Envelope specified under the DFP Services Agreement;
- Certain events of non-compliance under the DFP Services Agreement (e.g. failure to observe a Stop Notice) may lead to de-energisation of the Asset under the DFP Connection Agreement;

- Where an Applicant did not have a Connection Agreement or connection offer prior to entering into the DFP Services Agreement, then on termination or expiry of the DFP Services Agreement, the Applicant can, under applicable processes at the relevant time, apply to modify their DFP Connection Agreement to a firm or flexible connection agreement, depending on the available capacity at that time.
- Where the Applicant had an existing Connection Agreement or connection offer (which is accepted in the applicable period) prior to entry into the DFP Services Agreement ("**Original Connection Agreement**"), then on termination or expiry of the DFP Services Agreement, the Applicant may revert to the terms of the Original Connection Agreement subject to applicable policy at the relevant time, and subject to the following:
 - (i) The Original Connection Agreement shall apply in respect of the original capacity under that agreement only, and shall not apply in respect of any additional MEC awarded under the DFP Connection Agreement – any such additional MEC would then have to be applied for and will be subject to available capacity at the time; and
 - (ii) If the DFP Services Agreement is terminated early due to the breach or fault of the DFSP (i.e. under Clause 6.1 of the DFP Services Agreement), the terms of the DFP Connection Agreement shall continue to apply for the unexpired remainder of the 15-year term of the DFP Services Agreement and ESB Networks shall continue to issue Operating Envelopes for the purposes of the DFP Connection Agreement. Following expiry of the 15-year term, the DFSP may revert to the Original Connection Agreement (subject to point (i) above) subject to applicable policy at the relevant time.

Fees

- A fee will apply for the connection process application. The proposed approach to application fees will be in line with the applicable DSO policy/CRU decision at the relevant time.